

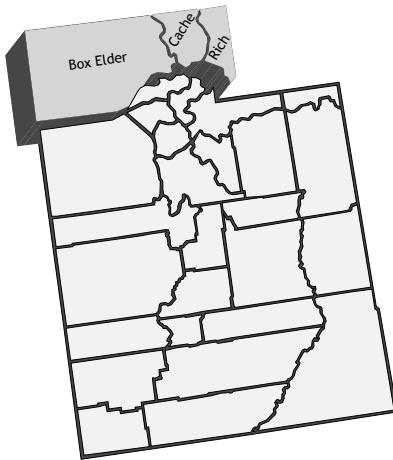
Workforce News



A quarterly publication of the Department of Workforce Services: issued March 2009

Bear River: Box Elder, Cache, Rich

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A Look at Unemployment in the Bear River Region

Inside:

- **Box Elder:** Job loss from last year and unemployment rising
- **Cache:** Joblessness increasing and construction down fifty percent
- **Rich:** Decent job growth and unemployment steady



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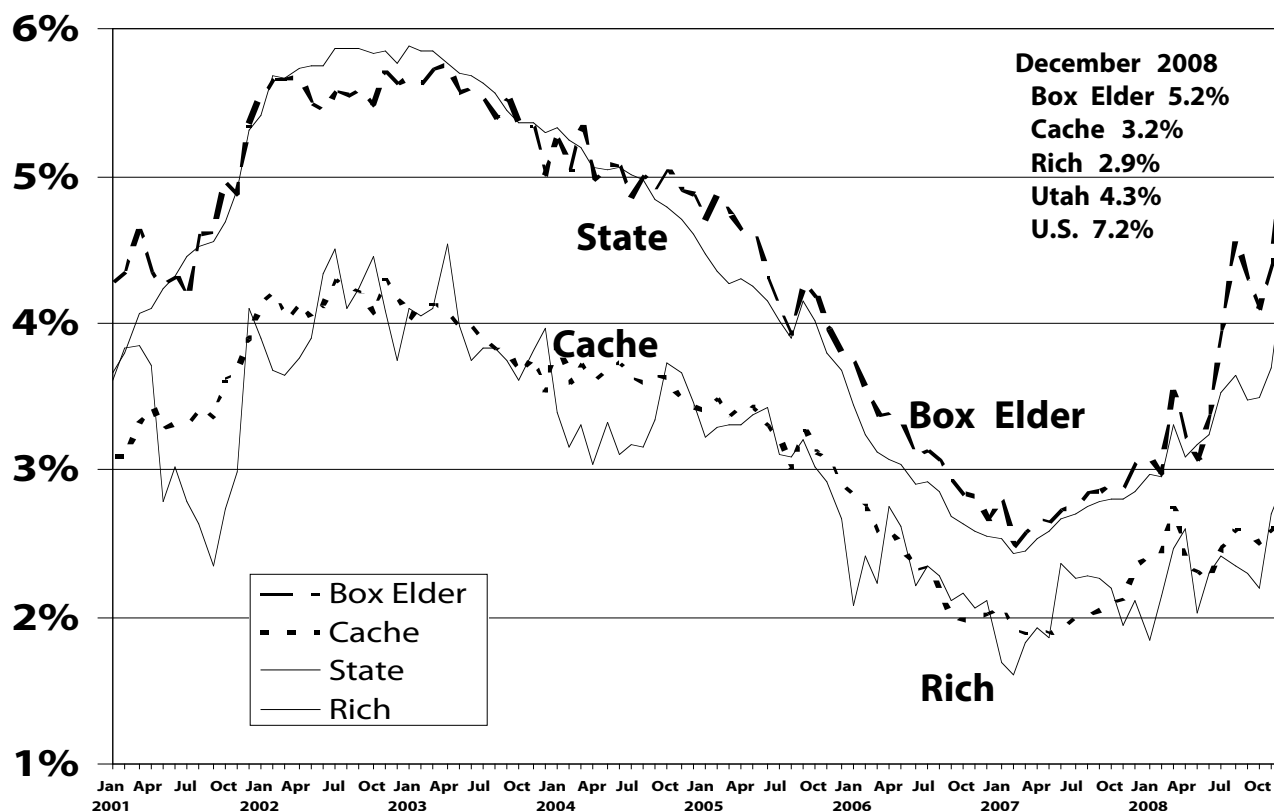
As we pass the one-year anniversary of the start of the national recession (it started in December of 2007), it's time to talk about what happens in the economy. It's not rocket science to know the economy has really slowed down. Evidence of this is in the news almost every day. There are stories that companies are laying off workers or closing down altogether and reports that consumers are not buying houses, cars, or other goods and services. What we also see are changes in buying behavior --people delaying or eliminating purchases

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A Look at Unemployment in the Region (continued)

State, Box Elder, Cache, & Rich County Monthly Unemployment Rates



Source: Utah Department of Workforce Services

because they are fearful of losing their jobs and the income that goes with it. Since they don't want to be in debt they avoid purchases financed by loans or growing credit card balances. Consumer perception is a critical element in the way they act, or don't act, in a recessionary economy.

In a recession, as now, unemployment is rising. Remember the unemployment rate is calculated by dividing the number of unemployed by the civilian labor force (employed plus the unemployed). We're used to unemployment rates

of much less than 5 percent. That's pretty low. Rising rates are no reason to panic. For example, let's say the state unemployment rate was 5 percent. Seem high? It's all relative. In fact, an unemployment rate of 5 percent also means that 95 percent of the work force is employed. Joblessness usually rises if consumers don't buy. If they don't buy, businesses don't sell, and if there are no sales then businesses don't need workers to make the product that's not selling. The point is consumers are the driving force in our economy. Currently about seven out of every ten dollars of Gross

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A Look at Unemployment in the Region (continued)

Domestic Product (GDP) is consumption. Continuing the discussion, when goods and services are not being purchased by consumers, what else happens? In addition to the loss of revenue to state and local governments from lower personal income and corporate taxes, is the loss of sales tax revenue, an important source for local government. When federal, state, and local governments don't have the dollars they planned on, government spending has to be curtailed. We are seeing that loss of revenue now in Utah (and across the nation) as state and local governments try to cope with shortfalls in revenue while trying to maintain the level of services demanded by the public. Education, because it is the single largest budget expense, is looking at a double-digit percentage cut in funding for the next fiscal year (after already having cut current budgets to the bone).

Now back to the "recession" discussion, but this time with a less emotional and more empirical perspective. Yes, we are in a recession. Is it scary? Yes. Will it be with us for a while? Yes, but hopefully not too long. We know the country is in a recession because the National Bureau of Economic Research told us so. They told us in November (2008) that we had been in a recession since last December (2007). How do we in Utah know we're in a downturn? We primarily use two economic measures to help determine if the state is in a recession, or approaching one. The first indicator is the loss of jobs. This is measured as a year-over change in non-farm employment. When the job growth rate is negative and continues for months, this is a harbinger of recession. Another measure we also use is the level of joblessness—the unemployment rate. It represents the proportion of persons in the labor force (employed or unemployed) that are looking for a job but can't find one.

In Utah we have enjoyed an expanding economy since about 2002, when we experienced a short downturn starting with the dot com crash and exacerbated by the September 11 terrorist attacks. An expanding economy is represented by job growth rate and declining unemployment rates. The graph shows the level of monthly unemployment for the state and the three Bear River Region counties. Since the

2002 downturn, Utah, and its counties, have experienced what is considered "full employment." This means that virtually everyone that wanted a job could find one. Currently, with the near collapse of the financial markets, this has all changed. Now back to the Bear River Region counties.

Unemployment has risen fairly dramatically since the first part of 2007. Unemployment rates bottomed out at below 2.0 percent in Cache and Rich counties. Box Elder County joblessness was very low at 2.5 percent. From this low, and it was very low, unemployment crept up and nearly doubled to reach the current December 2008 levels of 5.2 percent for Box Elder County, 3.2 percent for Cache County, and 2.9 percent for Rich County. The state rate for December was 4.3 percent and the national rate was 7.2 percent.

Box Elder County's unemployment rate peaked at 5.8 percent in March and April of 2003. From that high, and remember 5.8 percent is not really that high, it fell as the economy improved and more and more jobs were added to the county's payrolls. This increase continued all the way until February of 2007 when unemployment bottomed out at 2.5 percent and started to rise to the current (December 2008) seasonally adjusted rate of 5.2 percent.

Cache County's unemployment history was not as dramatic as Box Elder County's. Unemployment rates moved in the same direction with an increase in 2001 to 2003 when the rate peaked at 4.3 percent in both July and November of 2003. This relatively low rate, even at the 4.3 percent peak, then declined to bottom out to a 5-month low of 1.9 percent in February through June of 2007. Unemployment rates below 2.0 percent are almost unheard of. Cache's unemployment rates have inched up from there to the December rate of 3.2 percent. And this change occurred between November and December of 2008 when the rate jumped from 2.5 percent to 3.2 percent.

Rich County's experience with unemployment since 2001 has been volatile but low. Rich and Cache County have paced each other (see graph). Rich County's volatility has to

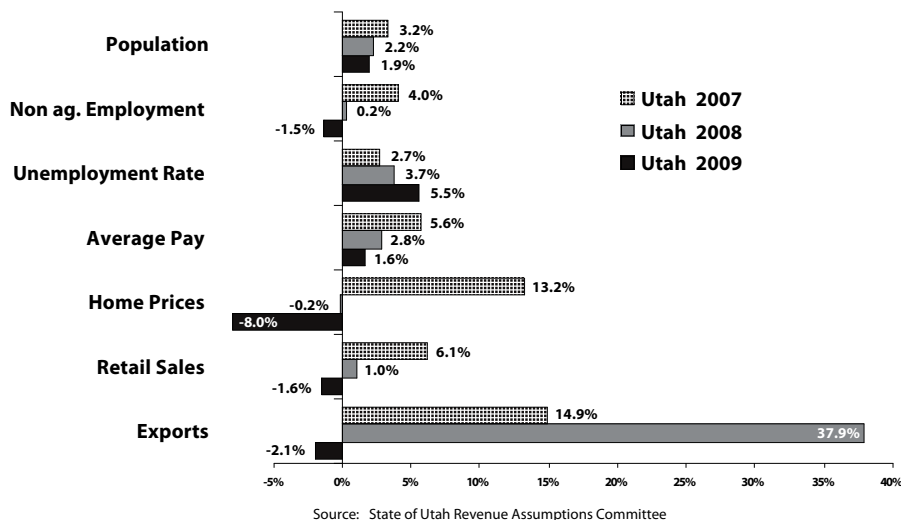
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A Look at Unemployment in the Region (continued)

do with its small size, where small number changes can result in big changes in the rates. Still Rich's unemployment was worst in April of 2003 with a rate of 4.6 percent. That's the high for the county since 2001. During the job growth period since 2002, unemployment in the county has slowly declined to a record low for any county of 1.6 percent. Since November of 2006, Rich County's jobless rate has been below 2.0 percent nine times! As recently as January of 2008 the rate was 1.9 percent. Since then unemployment has increased steadily to the 2.9 percent level in December of 2008.

What's to come? More job losses and increasing unemployment in the short term as economic activity at the local, state, and national level wanes. This malaise will not last forever as economic adjustments are made by the market with the added stimulus by the federal government trying to spark confidence and growth. **WFN**

Utah Economic Indicators: 2007-2009



What's Up?

The **Northwestern Band of Shoshone Nation** has started work on what will be the first geothermal power plant in the Top of Utah. The plant will have a generating capacity of 100 megawatts. The Shoshone Nation has signed a 30-year agreement to provide the city of Riverside, Calif. with up to 64 megawatts from the plant, which will be named Shoshone Renaissance.

— *Standard Examiner*

Ruby Pipeline officials say they want to build, within three years, a 670-mile natural-gas pipeline along a controversial "southern" route through portions of northern Utah. A Cache County executive said Ruby has indicated that the land-owners they are dealing with have agreed to let people on their land to do the survey. The company still has to go through a federal regulatory process, expected to begin after the first of the year.

— *Salt Lake Tribune*

County News

Box Elder County News

Box Elder job counts dropped in the third quarter. Although on the positive side in the year-over comparison for July and August at 0.9 percent and 0.3 percent respectively, the September count showed a loss of 150 jobs reflecting a 0.7 percent decline. Unemployment in December for Box Elder County hovered at 5.2 percent, the highest since 2003. Of the job losses, most were in construction and manufacturing with a loss of 130 and 290 respectively. Retail trade added 100 positions with education and health services increasing by about 170. All these gains were offset by more job losses resulting in a total of 150 fewer jobs. Other indicators of economic activity were also on the negative side of the ledger. Construction continues to constrict with permitted dwellings down by 31 percent and total construction valuation off 47 percent. The county is definitely feeling the slowdown in the job market and the economy.

Cache County News

Job growth is still positive but sliding. During September, roughly 700 new jobs were created compared to a year ago. That was an increase of 1.3 percent. Unemployment in December 2008 was 3.2 percent and moving up. The 700 new jobs in the third quarter of 2008 is a net figure. Looking at the industry breakdown of employment, over 500 positions were lost in the construction and manufacturing sectors. This loss was more than offset by the 1,200 jobs created in the service-producing sectors. Business services and healthcare were the primary contributors of new jobs, but government was also in the mix. In terms of sales activity, the county slipped by about 4.6 percent from a year ago. In building activity, total valuation of construction was down a large 40 percent and permits for new dwelling units were off 48 percent. As with most of the counties in the state the local economies are slowing, but at least job growth was present in Cache County.

Rich County News

Unlike its sister counties in the region, Rich County experienced year-over job growth in the third quarter of 2008. The numbers are not big but they are positive. During July and August of 2008, that's the "season" in the Bear Lake area, employment grew by 6.0 percent and 6.4 percent respectively. In September, job growth fell off and dropped to a 3.9 percent rate. By the end of the quarter about 150 jobs were added to county payrolls. Job growth will typically fall off during the winter months. Unemployment in December of 2008 was 2.9 percent which is still relatively low. Spending by consumers in the county was off by about 11 percent during third quarter. Construction/building activity was tepid with few permits issued and total valuation of construction activity down about 11 percent. All-in-all this is not a bad report for Rich County, considering what is happening to other areas in Utah and the nation. **WEN**

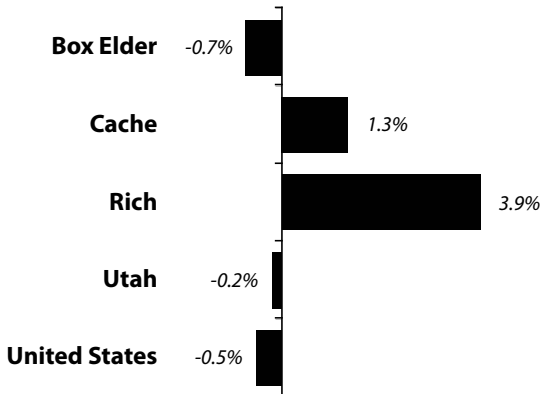
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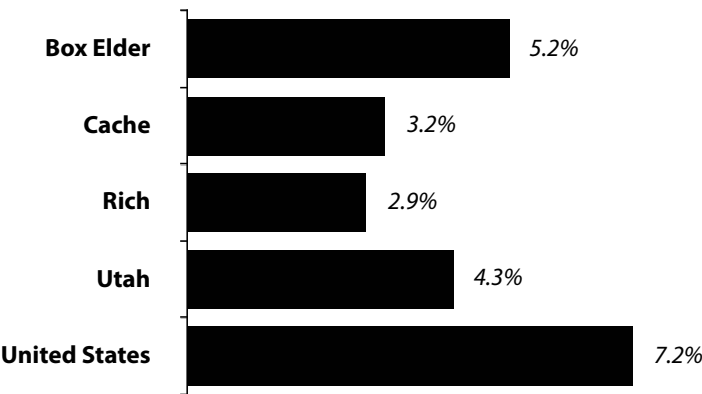
Select your county, then go to Labor Market Indicators in the right-hand margin.

Percent Change in Nonfarm Jobs
September 2007 to September 2008



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Seasonally Adjusted Unemployment Rates
December 2008



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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